Sales Comparison Approach

Class Problem # 1
Paired Sales Analysis

Listed below are five sales of comparable single family residential properties that have recently occurred in a neighborhood. Using the given data below determine the appropriate lump sum dollar adjustment (Contributory value for the following elements:

Bedroom: _____

Bathroom: _____

Basement: _____

Extra parking bay in garage: _____

Sale	# 1	# 2	# 3	# 4	# 5
Sale Price	$ 140,400	$ 126,000	$ 130,000	$ 124,000	$ 135,500
Sq. Feet	1,800	1,650	1,800	1,600	1,800
Bedrooms	4	3	4	3	4
Bathrooms	2	2	2	1	2
Foundation	Basement	Crawl Space	Crawl Space	Crawl Space	Basement
Garage	2 Car	2 Car	2 Car	2 car	1 Car

(NOTE: Variations in square footage are due to the different number of rooms and do not require adjustment; this is allowed for in the adjustments for bedrooms and bathrooms.)

Sales Comparison Approach
Class Problem # 2
ADJUSTING COMPARABLE SALES

You are reviewing an appeal of a three bedroom, two bath ranch style house that has 2,420 square feet of living area. This subject house has a full basement and an attached two car garage.

You have located five recent sales in the same neighborhood as the subject to use for comparison purposes.

Sale # 1:   This is a four bedroom, three bath ranch style home containing 2,600 square feet of living area. It has a full basement and an attached three car garage. Sale price is $275,000.

Sale # 2:   This is a three bedroom, two bath ranch style home that has 2,400 square feet of living space. It is on a crawl space and has a one car attached garage. Sale price is $230,000.

Sale # 3:   This is a three bedroom, two and one half bath residence containing 2,400 square feet of living area. It has a full basement and a three car attached garage. Sale price is $245,000.

Sale # 4:   This is a three bedroom, two and one half bath home located on a crawl space. It contains 2,600 square feet of living area and has a two car attached garage. Sale price is $245,000.

Sale # 5:   This is a four bedroom, two bath home with 2,500 square feet of living space. It has a full basement and a three car attached garage. Sale price is $262,250.

You have determined that the following elements of comparison are influential on value: Bedrooms, bathrooms (both full and half), garage bays, and basement. You have conducted a paired sales analysis and determined the contributory value of these elements as follows:

Bedrooms: $8,000
Bathrooms: Full $3,000 Half $1,000
Garage bay: $4,000
Basement: $15,000

Using the grid, determine the estimation of value for the subject property.

	SUBJECT	SALE # 1	SALE # 2	SALE # 3	SALE # 4	SALE # 5
SALE PRICE						
BEDROOMS	3					
BATHROOMS	2					
GARAGE	2 CAR					
FOUNDATION	BSMNT					
NET ADJ.						
ADJ SALES PRICE						
SQ FEET	2,420					
SALE PRICE/SF						

Sales Comparison Approach

Class Problem # 3
Time Adjustment Problem

Sale # 1 Sold one year ago for $62,000 and resold 7 months ago for $65,100.
Sale # 2 Sold one year ago for $67,000 and resold 5 months ago for $72,225.
Sale # 3 Sold one year ago for $65,000 and resold 1 month ago for $71,500.
Sale # 4 Sold one year ago for $67,250 and resold 3 months ago for $73,300.

Determine the indicated percentage adjustment for time per month_____
Determine the indicated percentage adjustment for time per year _____

A	B	C	D	E	F
SALE #	FIRST SALE SELLING PRICE	SECOND SALE SELLING PRICE	% CHANGE	MONTHS BETWEEN SALES	PERCENT CHANGE MONTH
1					
2					
3					
4					

PERCENT PER MONTH

PERCENT PER YEAR

Sales Comparison Approach

Practice Problem # 1

Market Analysis of Attributes

You have analyzed the market and have determined that the following are important attributes in a home.

Basement----Bedroom---Garage---Bathroom

You also used market information to arrive at the following information:

Sale # 1) Sold for $144,000. It has 1,800 square feet, 3 bedrooms, a full basement, a two car garage and 2 bathrooms.

Sale # 2) Sold for $153,300. It has 2 bathrooms, no basement and 3 bedrooms. It also has a 1 car attached garage and the home has 1,980 square feet.

Sale # 3) Sold for $163,800. It has a full basement and a 2 car garage and 1 bathroom. There are 3 bedrooms and a total of 2,100 square feet.

Sale # 4) This home has 1,700 square feet, no basement but has a 2 car garage and 2 bathrooms. It has 3 bedrooms and recently sold for $127,500.

Sale # 5) This home sold for $140,600. It contains 1,900 square feet, 2 bedrooms, a full basement, a 2 car garage and 1 bathroom.

Using the grid below, develop the dollar amount to add for each attribute based on a cost of selling price per square foot.

Element of Comparison Sale Price	House #1	House #2	House #3	House #4	House #5
Square Footage					
Basement					
Bedrooms					
Garage					
Baths					
Price/Square Foot					

Basement: _____ per square foot

Bedrooms: _____ per square foot

Garages: _____ per square foot

Bathrooms: _____ per square foot

Sales Comparison Approach

Practice Problem # 2
Sales Comparison

Your subject property has three bedrooms, one bath, an attached 2 car garage and no fireplace. It has forced hot air heat.

You have analyzed the market and found 4 sales to use as comparables.

You have also found that sales prices have increased 5% each year for the last 5 years.

Sale # 1: 4 bedroom, 2 bath with an attached 2 car garage. It has a large fireplace, hot water heat & sold 2 years ago for $172,500.

Sale # 2: 3 bedroom, 1 bath with a 1 car attached garage. No fireplace and has forced hot air heat. Sold recently for $171,850.

Sale # 3: 3 bedroom and 2 baths. An attached 2 car garage with an average fireplace and hot water heat. Sold 2 years ago for $176,500.

Sale # 4: 4 bedroom, 2 baths and an attached 2 car garage. It has a large fireplace and hot water heat. Sold 1 year ago for $185,000.

Estimate a value for the subject property rounding to the nearest $100.

ADJUSTMENT AMOUNTS:

AVERAGE FIREPLACE	$4,000
LARGE FIREPLACE	$4,800
1 CAR GARAGE	$9,000
2 CAR GARAGE	$13,200
FORCED HOT AIR HEAT	$4,500
HOT WATER HEAT	$5,600
4TH BEDROOM	$8,000
EXTRA BATH	$5,000

	SUBJECT	SALE # 1	SALE # 2	SALE # 3	SALE # 4
SALE PRICE					
TIME ADJ					
TIME ADJ SALE PRICE					
BEDROOMS					
BATHS					
GARAGE					
FIREPLACE					
HEAT					
NET ADJ					
ADJ SALES PRICE					

ESTIMATED VALUE INDICATED BY THE SALES COMPARISON APPROACH:

Sales Comarison Approach

Practice Problem # 3
Paired Sales Analysis

You are valuing a subject property for an assessing official. The subject property is 12 years old in average condition. It has an attached garage. It does not front a golf course. Your property has 1,500 square feet and is of average quality. You have researched the market and found three comparable sales.

Comparable sales information

#1.) This home sold for $95,800 2 years ago. It is in good condition with 1,700 square feet. This home has an attached garage and fronts a golf course. It is 12 years old and in good condition and average quality.

#2.) Sold 18 months ago. It is a good quality home with 1,600 square feet and a detached garage. It does not front a golf course and is 10 years old and in good condition. The sale price was $94,900 and the quality is good.

#3.) This home sold for $83,900 18 months ago. It is 8 years old, in average condition and does not front a golf course. It has 1,500 square feet and a detached garage and is average quality.

Using the following, value your subject property and round your answer to the nearest $1,000.

Time:	$500 per month increase
Age:	$1500 per year
Condition:	$5000 difference between Average and Good
Location:	Fronting a golf course sell for $5000 more
Floor Area:	$48/SqFt
Garage:	$800 less for detached garage
Quality:	$4000 between average and good

Value the subject property and round to the nearest $1,000

	Subject	Sale # 1		Sale # 2		Sale # 3	
Sale Price							
Time Adj							
Time Adj Sale price							
Age	12						
Condition	Avg						
Fronts Golf Course	No						
Floor Area (SF)	1500						
Garage	Att						
Quality	Avg						
Net Adjustment							
Adjusted Sale Price							